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CENTRAL INTELLIGENCE AGENCY

REPORT

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INFORMATION REPORT

50X1-HUM

COUNTRY Germany (Russian Zone)

SUBJECT Supply and Distribution System in Brandenburg

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1. The SMA has ordered that the Brandenburgisches Industriekontor (BIK) be used as a model for the Industriekontore of the other four states of the Russian zone. The following paragraphs outline the supply and distribution system in Brandenburg and the role played by the BIK in the operation of this system.
2. Raw materials, fuel, semi-finished, and finished products are distributed on the basis of supply plans for individual items, which are drawn up at the beginning of each quarter by the division for economic planning of the state government. Plans for the distribution of essential articles enumerated in List A of SMA Order No. 67 are subject to the approval of the director of the SMA economic planning division in Potsdam. Each plan indicates:
 - a. the total amount of the commodity to be supplied from the current production and reserve stocks of each county and from imports from other states;
 - b. amount to be supplied by each county to (1) Russian consumers and (2) the BIK, which acts as wholesale distributor between producer and consumer. The BIK does not negotiate the actual transactions, however, but delegates this function to a number of independent commercial enterprises (approximately one hundred and twenty-five) which are approved by the state government each quarter as Leitfirmen (directing firms) of the BIK. Twenty-five of the Leitfirmen hold shares of stock in the BIK amounting to forty-nine per cent of the total capital; the remaining fifty-one per cent is controlled by the state government. Special Industriekontore have been established in Brandenburg to handle the distribution of solid fuel, liquid fuels, and industrial consumers' goods;
 - c. amount of the commodity to which each county is entitled;
 - d. a list of the Leitfirmen of the BIK through which actual distribution is to occur.

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CLASSIFICATION

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DDA Memo, 4 Apr 77

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3. Although the plans primarily make provision for distribution within the state, countries with which there will be exchange of goods are listed. In order to activate planned exports to other states of the zone, special requisitions specifying the producing firm and the importing Industriekontor must be issued by the state government. As yet, the BIK has not been concerned with export negotiations; the Industriekontor of the importing state acknowledges receipt of the requisition from the Brandenburg state government by establishing direct contact with the producing firm.
4. At the beginning of every quarter copies of the distribution plan are forwarded to the BIK and to the Landräte and mayors in the various counties. For each of the proposed shipments in the plan the BIK must present an order to the proper county authorities, who then issue requisitions on the plants specified by the BIK in the order; the requisition is made out to the BIK or the Leitfirma, not to the final recipient of the goods. If the BIK has not prescribed any particular producing factory in the order, it is named by the county authorities at this time. The requisition and the approved order are returned to the BIK or sent directly to the Leitfirma or the producing factory. Two weeks after the close of the quarter during which the plan and requisition were issued, all purchasing rights on goods which have not yet left the producing factory lapse.
5. The state government controls all reserve stocks belonging to the state or to private industries through its power to make emergency requisitions. Through special order it may also supervise the distribution of goods produced in excess of the planned quotas and may make any necessary changes in the distribution plan. The county may draw on stocks of wholesale firms which are not Leitfirmen of the BIK without obtaining a special governmental requisition.

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